

“Funding in the UK defence sector is an ongoing challenge that will continue in the coming years. The drop in the value of the GB pound versus the US dollar by 20% has exacerbated the problem of defence inflation. We’ve had to adapt with the changing times and focus on providing value to our customers. There is a continued focus on cyber security where demand for key skills remains unrelenting . Recent investments in UK operations from key players such as Boeing, Leonardo and BAE are positive indicators that the UK will be a key location for global players.”

Nick Parker, Operations Director

Defence overview & outlook

Spring 2017



Defence overview



- The Defence industry has an annual turnover of **£65 billion**, an export market worth **£35 billion**; supports **900,000** jobs across the country and has created over **10,000** apprenticeships.
- The UK's defence budget for 2016 was **£43 billion** which is the third largest defence budget globally. **£27.7 billion** will be invested to reinforce its military forces during 2016 and 2017. The majority of the defence spending by the UK will likely be on surface ships and submarines, land equipment, new precision weapons, such as the Common Anti-Air Modular Missile (CAMM) as well as a new anti-surface guided weapon.
- Post the Brexit vote, the pound sterling has depreciated, which, in turn, is expected to boost UK's exports as they become more competitive. Domestic companies have already started eyeing opportunities to sell their military equipment in overseas markets as their products potentially become more price competitive.

- The impact of the result of EU referendum in June has already been seen in the European Union's decision to raise its military research budget for the first time in six years after UK dropped its opposition to the plan. In November, an increase to the 2017 funding of the European Defence Agency by **1.6%**, in line with inflation was agreed, rising from **€30.5 million** to **€31 million**.

Defence spending in the UK (£millions)

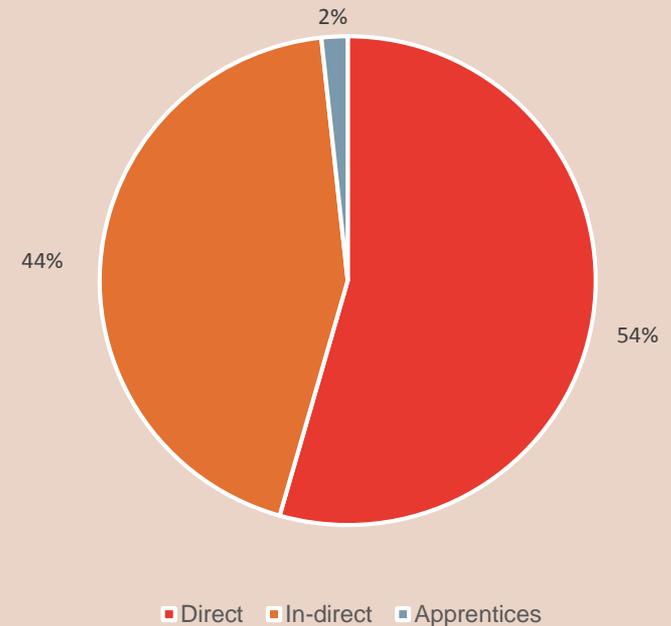


Defence outlook

Jobs

- Boeing Defence plans to base its UK operations at the Ministry of Defence airbase eight miles north of Salisbury. The leading manufacturer of commercial and military aircraft is looking to expand its UK workforce from **1,300** to **4,000** by 2025.
- The MOD has signed a **£271 million** deal with Leonardo Helicopters to continue to support Wildcat helicopters, safeguarding hundreds of high-skilled British jobs. **80%** of the **500** or so jobs will be at Leonardo's facilities in Yeovil and Royal Naval Air Station Yeovilton, the home of Wildcat training and maintenance in the UK.
- In December, BAE Systems opened their new **£15.6 million** training academy in Lancashire. The Academy for Skills & Knowledge (ASK) as well as training all the apprentices and graduates in the company's military aircraft business, the academy will act as a collaborative skills-hub for the North West's engineering and manufacturing sector, offering an education centre for school children.

UK Defence workforce





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